

FIRST REGULAR SESSION

# HOUSE BILL NO. 197

## 97TH GENERAL ASSEMBLY

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INTRODUCED BY REPRESENTATIVES LAUER (Sponsor), ZERR, DIEHL, TORPEY, ALLEN, LEARA,  
SWEARINGEN, MCCAHERTY, WALKER, CONWAY (104), KRATKY, SOMMER,  
SMITH (85) AND OTTO (Co-sponsors).

0412H.01I

D. ADAM CRUMBLISS, Chief Clerk

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### AN ACT

To repeal sections 67.463, 67.469, and 67.548, RSMo, and to enact in lieu thereof seven new sections relating to sales tax and revenue bonds.

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*Be it enacted by the General Assembly of the state of Missouri, as follows:*

Section A. Sections 67.463, 67.469, and 67.548, RSMo, are repealed and seven new  
2 sections enacted in lieu thereof, to be known as sections 67.463, 67.469, 67.548, 67.2070,  
3 67.2071, 67.2072, and 67.2073 to read as follows:

67.463. 1. At the hearing to consider the proposed improvements and assessments, the  
2 governing body shall hear and pass upon all objections to the proposed improvements and  
3 proposed assessments, if any, and may amend the proposed improvements, and the plans and  
4 specifications therefor, or assessments as to any property, and thereupon by ordinance or  
5 resolution the governing body of the city or county shall order that the improvement be made and  
6 direct that financing for the cost thereof be obtained as provided in sections 67.453 to 67.475.  
7 2. After construction of the improvement has been completed in accordance with the  
8 plans and specifications therefor, the governing body shall compute the final costs of the  
9 improvement and apportion the costs among the property benefitted by such improvement in  
10 such equitable manner as the governing body shall determine, charging each parcel of property  
11 with its proportionate share of the costs, and by resolution or ordinance, assess the final cost of  
12 the improvement or the amount of general obligation bonds issued or to be issued therefor as  
13 special assessments against the property described in the assessment roll.

EXPLANATION — Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted from the law. Matter in **bold-face** type in the above bill is proposed language.

14           3. After the passage or adoption of the ordinance or resolution assessing the special  
15 assessments, the city clerk or county clerk shall mail a notice to each property owner within the  
16 district which sets forth a description of each parcel of real property to be assessed which is  
17 owned by such owner, the special assessment assigned to such property, and a statement that the  
18 property owner may pay such assessment in full, together with interest accrued thereon from the  
19 effective date of such ordinance or resolution, on or before a specified date determined by the  
20 effective date of the ordinance or resolution, or may pay such assessment in annual installments  
21 as provided in subsection 4 of this section.

22           4. The special assessments shall be assessed upon the property included therein  
23 concurrent with general property taxes, and shall be payable in substantially equal annual  
24 installments for a duration stated in the ballot measure prescribed in subsection 2 of section  
25 67.457 or in the petition prescribed in subsection 3 of section 67.457, and, if authorized, an  
26 assessment in each year thereafter levied and collected in the same manner with the proceeds  
27 thereof used solely for maintenance of the improvement, taking into account such assessments  
28 and interest thereon, as the governing body determines. The first installment shall be payable  
29 after the first collection of general property taxes following the adoption of the assessment  
30 ordinance or resolution unless such ordinance or resolution was adopted and certified too late  
31 to permit its collection at such time. All assessments shall bear interest at such rate as the  
32 governing body determines, not to exceed the rate permitted for bonds by section 108.170.  
33 Interest on the assessment between the effective date of the ordinance or resolution assessing the  
34 assessment and the date the first installment is payable shall be added to the first installment.  
35 The interest for one year on all unpaid installments shall be added to each subsequent installment  
36 until paid. In the case of a special assessment by a city, all of the installments, together with the  
37 interest accrued or to accrue thereon, may be certified by the city clerk to the county clerk in one  
38 instrument at the same time. Such certification shall be good for all of the installments, and the  
39 interest thereon payable as special assessments.

40           5. Special assessments shall be collected and paid over to the city treasurer or county  
41 treasurer in the same manner as taxes of the city or county are collected and paid. In any county  
42 [of the first classification with more than one hundred thirty-five thousand four hundred but  
43 fewer than one hundred thirty-five thousand five hundred inhabitants], the county collector may  
44 collect a fee as prescribed by section 52.260 for collection of assessments under this section.

          67.469. A special assessment authorized under the provisions of sections 67.453 to  
2 67.475 shall be a lien, from the date of the assessment, on the property against which it is  
3 assessed on behalf of the city or county assessing the same to the same extent as a tax upon real  
4 property. The lien may be foreclosed in the same manner as a tax upon real property by land tax  
5 sale pursuant to chapter 140 or, **if applicable to that county, chapter 141, or**, [by judicial

6 foreclosure proceeding,] at the option of the governing body, **by judicial foreclosure**  
7 **proceeding.** Upon the foreclosure of any such lien, whether by land tax sale or by judicial  
8 foreclosure proceeding, the entire remaining assessment may become due and payable and may  
9 be recoverable in such foreclosure proceeding at the option of the governing body.

67.548. 1. In any first or second class county not having a charter form of government,  
2 which contains all or any part of a city with a population of greater than four hundred thousand  
3 inhabitants, in which the voters have approved a sales tax as provided by section 67.547, the  
4 county commission may:

5 (1) Reduce or eliminate the county general fund levy, the special road and bridge levy,  
6 or the park levy; [and]

7 (2) Grant county [sales tax] revenues to cities, towns and villages and to special road  
8 districts organized pursuant to chapter 233;

9 **(3) Enter into agreements with cities, towns, villages, and special road districts**  
10 **organized under chapter 233 for the purpose of working cooperatively on the roads and**  
11 **bridges located within the county, including the distribution of funds to such entities in**  
12 **addition to those funds described in subsection 2 of this section.**

13 2. [If the county commission reduces a special road and bridge tax levy pursuant to this  
14 section which results in a reduction of revenue available to a city, town or village or to a special  
15 road district organized pursuant to chapter 233, the commission shall in that year in which the  
16 reduction of revenue occurs set aside and place to the credit of each such entity sales tax  
17 revenues in an amount at least equal to that which each such entity would have otherwise been  
18 entitled from the special road and bridge tax levy, had it not been for such reduction. In  
19 subsequent years, each such entity shall receive from the county an amount of sales tax revenue  
20 equal to the amount of special road and bridge tax revenue that each such entity would have  
21 received in that year, but for the reduction in the special road and bridge tax. The county shall  
22 transfer such sales tax revenue to each such entity in twelve equal monthly installments during  
23 each year in which such entity is entitled to receive such sales tax revenue] **In any county in**  
24 **which the voters have approved a sales tax as provided by section 67.547, each city, town,**  
25 **village, and special road district organized under chapter 233 shall continue to receive its**  
26 **share of the county's special road and bridge levy, if any, that is annually considered by**  
27 **the county commission. In the event that the annual special road and bridge levy is not set**  
28 **at a level of at least fourteen cents on each one hundred dollars assessed valuation, the**  
29 **county commission shall allocate additional funds from any available county source to the**  
30 **cities, towns, villages, and special road districts located within the county in an amount that**  
31 **will, when combined with the revenues received from the special road and bridge levy,**  
32 **distribute funds to such entities in an amount that is at least equal to the funding level of**

33 fourteen cents on each one hundred dollars assessed valuation. Additionally, any city,  
34 town, or village which contains at least fifty percent of a special road district organized  
35 under chapter 233 shall be entitled to receive the road district's portion of any funds not  
36 paid through the special road and bridge levy. Any funds paid under this subsection shall  
37 be paid as if the funds were paid under the county's special road and bridge levy.

67.2070. 1. Sections 67.2070 to 67.2073 shall be known and may be cited as the  
2 "STAR Bonds Financing Act".

3 2. As used in sections 67.2070 to 67.2073, the following terms mean:

4 (1) "Commence work", the manifest commencement of actual operations on the  
5 development site, such as erecting a building, excavating the ground to lay a foundation  
6 or a basement, or work of like description that a person with reasonable diligence can see  
7 and recognize as being done with the intention and purpose to continue work until the  
8 project is completed;

9 (2) "De minimus", an amount less than fifteen percent of the land area within a  
10 STAR bond project district;

11 (3) "Developer", any person, firm, corporation, partnership, or limited liability  
12 company other than a city and other than an agency, political subdivision, or  
13 instrumentality of the state;

14 (4) "Director", the director of the department of economic development;

15 (5) "Economic impact study", a study to project the financial benefit of the project  
16 to the local, regional, and state economies;

17 (6) "Eligible area", a historic theater, major tourism area, river walk canal facility,  
18 major multisport athletic complex, or a major commercial entertainment and tourism area  
19 as determined by the director;

20 (7) "Historic theater", a building constructed before the year 1940 that was  
21 constructed for the purpose of staging entertainment, including motion pictures, vaudeville  
22 shows, or operas, that is operated by a nonprofit corporation and is designated by the state  
23 historic preservation office as eligible to be on the National Register of Historic Places;

24 (8) "Historic theater sales tax increment", the amount of any state and local sales  
25 tax revenue imposed under state law collected from taxpayers doing business within a  
26 historic theater that is in excess of the amount of such taxes collected before the designation  
27 of the building as a historic theater for purposes of the STAR bonds financing act;

28 (9) "Major commercial entertainment and tourism area", an area that may include,  
29 but not be limited to, a major multisport athletic complex;

30 (10) "Major multisport athletic complex", an athletic complex that is used for the  
31 training of athletes, the practice of athletic teams, the playing of athletic games, or the

32 hosting of events. Such project may include playing fields, parking lots, and other  
33 developments including grandstands, suites and viewing areas, concessions, souvenir  
34 facilities, catering facilities, visitor centers, signage, and temporary hospitality facilities,  
35 but excluding hotels, motels, restaurants, and retail facilities, not directly related to or  
36 necessary to the operation of such facility;

37 (11) "Major tourism area", an area for which the director has made a finding that  
38 capital improvements costing not less than one hundred million dollars will be built in the  
39 state;

40 (12) "Market study", a study to determine the ability of the project to gain market  
41 share locally, regionally, and nationally, and the ability of the project to gain sufficient  
42 market share to:

43 (a) Remain profitable past the term of repayment; and

44 (b) Maintain status as a significant factor for travel decisions;

45 (13) "Market impact study", a study to measure the impact of the proposed project  
46 on similar businesses in the project's market area;

47 (14) "Museum facility", a separate newly-constructed museum building and  
48 facilities directly related and necessary to the operation thereof, including gift shops and  
49 restaurant facilities, but excluding hotels, motels, restaurants, and retail facilities not  
50 directly related to or necessary to the operation of such facility. The museum facility shall  
51 be owned by the state, a city, county, other political subdivision of the state, or a nonprofit  
52 corporation, shall be managed by the state, a city, county, other political subdivision of the  
53 state, or a nonprofit corporation, and shall not be leased to any developer and shall not be  
54 located within any retail or commercial building;

55 (15) "Project", a STAR bond project;

56 (16) "Project costs":

57 (a) Costs necessary to implement a STAR bond project plan;

58 (b) Project costs includes costs incurred for:

59 a. Acquisition of real property within the STAR bond project area;

60 b. Payment of relocation assistance under a relocation assistance plan as provided  
61 in the STAR bonds financing act;

62 c. Site preparation including utility relocations;

63 d. Sanitary and storm sewers and lift stations;

64 e. Drainage conduits, channels, levees, and river walk canal facilities;

65 f. Street grading, paving, graveling, macadamizing, curbing, guttering, and  
66 surfacing;

67 g. Street light fixtures, connection, and facilities;

68           **h. Underground gas, water, heating, and electrical services and connections located**  
69 **within the public right-of-way;**  
70           **i. Sidewalks and pedestrian underpasses or overpasses;**  
71           **j. Drives and driveway approaches located within the public right-of-way;**  
72           **k. Water mains and extensions;**  
73           **l. Plazas and arcades;**  
74           **m. Parking facilities and multilevel parking structures devoted to parking only;**  
75           **n. Landscaping and plantings, fountains, shelters, benches, sculptures, lighting,**  
76 **decorations, and similar amenities;**  
77           **o. Major multisport athletic complex;**  
78           **p. Museum facility;**  
79           **q. Related expenses to redevelop and finance the project, except that for a STAR**  
80 **bond project financed with special obligation bonds payable from the revenues described**  
81 **in paragraph (a) of subdivision (1) of subsection 1 of section 67.2072, such expenses shall**  
82 **require prior approval by the director;**  
83           **(c) Project costs shall not include:**  
84           **a. Costs incurred in connection with the construction of buildings or other**  
85 **structures;**  
86           **b. Fees and commissions paid to developers, real estate agents, financial advisors**  
87 **or any other consultants who represent the developers or any other businesses considering**  
88 **locating in or located in a STAR bond project district;**  
89           **c. Salaries for local government employees;**  
90           **d. Moving expenses for employees of the businesses locating within the STAR bond**  
91 **project district;**  
92           **e. Property taxes for businesses that locate in the STAR bond project district;**  
93           **f. Lobbying costs;**  
94           **g. Any bond origination fee charged by the city or county;**  
95           **h. Any personal property that is subject to taxation under this state's laws; and**  
96           **i. Travel, entertainment, and hospitality;**  
97           **(17) "Projected market area", any area within the state in which the project is**  
98 **projected to have a substantial fiscal or market impact upon businesses in such area;**  
99           **(18) "River walk canal facilities", a canal and related water features that flow**  
100 **through a major commercial entertainment and tourism area and facilities related or**  
101 **contiguous thereto, including, but not limited to, pedestrian walkways and promenades,**  
102 **landscaping, and parking facilities;**

(19) "Sales tax and revenue", those revenues available to finance the issuance of special obligation bonds as identified in the STAR bond financing act;

(20) "STAR bond", a sales tax and revenue bond;

(21) "STAR bond project", an approved project to implement a project plan for the development of the established STAR bond project district with a capital investment of at least fifty million dollars and fifty million dollars in projected gross annual sales, or for areas outside of metropolitan statistical areas as defined by the federal Office of Management and Budget, an area for which the director finds that the project is an eligible area and one of the following:

(a) Would be of regional or statewide importance; or

(b) Is a major tourism area;

(22) "STAR bond project area", the geographic area within the STAR bond project district in which there may be one or more projects;

(23) "STAR bond project district", the specific area declared to be an eligible area as determined by the director in which the city or county may develop one or more STAR bond projects;

(24) "STAR bond project district plan", the preliminary plan that identifies all of the proposed STAR bond project areas and identifies in a general manner all of the buildings, facilities, and improvements in each that are proposed to be constructed or improved in each STAR bond project area;

(25) "STAR bond project plan", the plan adopted by a city or county for the development of a STAR bond project or projects in a STAR bond project district;

(26) "Substantial change", as applicable, a change wherein the proposed plan or plans differ substantially from the intended purpose for which the STAR bond project district plan was approved;

(27) "Tax increment", that portion of the revenue derived from state and local sales, use, and transient guest tax collected from taxpayers doing business within that portion of a STAR bond project district occupied by a project that is in excess of the amount of base year revenue. For purposes of this subsection, the base year shall be the twelve-month period immediately before the month in which the STAR bond project district is established. The director shall determine base year revenue by reference to the revenue collected during the base year from taxpayers doing business within the specific area in which a STAR bond project district is subsequently established. For purposes of this subsection, revenue collected from taxpayers doing business within a STAR bond project district, or within a specific area in which a STAR bond project district is

subsequently established shall not include local sales and use tax revenue that is sourced to jurisdictions other than those in which the project is located;

(28) "Taxpayer", a person, corporation, limited liability company, S corporation, partnership, registered limited liability partnership, foundation, association, nonprofit entity, sole proprietorship, business trust, group, or other entity that is subject to the tax imposed in chapter 143, 147, 148, or 153.

67.2071. 1. (1) The governing body of any city may establish one or more STAR bond projects in any area within such city or wholly outside the boundaries of such city. A STAR bond project wholly outside the boundaries of such city shall be approved by the governing body of the county in which the city is located by the passage of a county resolution. The governing body of a county may establish one or more STAR bond projects in any unincorporated area of the county. Such projects shall be eligible for financing by special obligation bonds payable from revenues described by subdivision (1) of subsection 1 of section 67.2072.

(2) Each STAR bond project shall first be approved by the director, if the director determines that the proposed project or complex sufficiently promotes, stimulates, and develops the general and economic welfare of the state. Upon approving the project, the director may approve such financing in an amount not to exceed fifty percent of the total costs including all project costs and any other costs related to the project. The proceeds of such STAR bond financing shall only be used to pay for incurred project costs.

(3) A project shall not be granted to any business that proposes to relocate its business from another area of the state into such city or county for the purpose of consideration for a STAR bond project.

(4) A project shall not be approved by the director if the required market study indicates a substantial negative impact upon businesses in the project or complex market area or the granting of such project or complex would cause a default in the payment of any outstanding special obligation bond payable from revenues authorized under subdivision (1) of subsection 1 of section 67.2072.

(5) The maximum maturity of special obligation bonds payable primarily from revenues described in subdivision (1) of subsection 1 of section 67.2072 to finance STAR bond projects under this section shall not exceed twenty years.

(6) The director shall not approve any application for STAR bond project financing that is submitted by a city or county more than one year after the STAR bond project district in which the STAR bond project is located has been established.

2. (1) When a city or county proposes to establish a STAR bond project district within an eligible area, the city or county shall adopt a resolution stating that the city or



31 county is considering the establishment of a STAR bond project district. Such resolution  
32 shall:

33 (a) Give notice that a public hearing will be held to consider the establishment of  
34 a STAR bond project district and fix the date, hour, and place of such public hearing;

35 (b) Describe the proposed boundaries of the STAR bond project district;

36 (c) Describe the STAR bond project district plan;

37 (d) State that a description and map of the proposed STAR bond project district  
38 are available for inspection at a time and place designated;

39 (e) State that the governing body will consider findings necessary for the  
40 establishment of a STAR bond project district.

41 (2) (a) The city or county shall submit the proposed STAR bond project district  
42 to the director for a determination that the district is an eligible area. Upon the conclusion  
43 of the public hearing and a finding by the director that the proposed project district is an  
44 eligible area, the governing body of the city or county shall pass an ordinance or resolution.

45 (b) An ordinance or resolution for a STAR bond project district may establish the  
46 STAR bond project district, and such ordinance shall:

47 a. Make findings that the STAR bond project district proposed to be developed is  
48 a historic theater or a STAR bond project;

49 b. Contain a STAR bond project district plan that identifies all of the proposed  
50 STAR bond project areas and identifies in a general manner all of the buildings and  
51 facilities that are proposed to be constructed or improved in each STAR bond project area.  
52 The boundaries of such STAR bond project district shall not include any area not  
53 designated in the notice required by this subsection;

54 c. Contain the legal description of the STAR bond project district.

55 (c) If no ordinance or resolution is passed by the city or county within thirty days  
56 from the conclusion of the public hearing, then such STAR bond project district shall not  
57 be established.

58 (3) The governing body of a city or county may establish a STAR bond project  
59 district within that city or such city may establish a district inclusive of land outside the  
60 boundaries of the city or wholly outside the boundaries of such city upon written consent  
61 of the governing body of the county. The governing body of a county may establish a  
62 STAR bond project district within the unincorporated area of the county. Before  
63 providing written consent, the governing body of the county shall provide notice and hold  
64 a hearing as is required for the establishment of a STAR bond project district.

65           **(4) One or more STAR bond projects may be undertaken by a city or county within**  
66 **a STAR bond project district after such STAR bond project district has been established**  
67 **in the manner provided by this section.**

68           **(5) No privately owned property subject to ad valorem taxes shall be acquired and**  
69 **redeveloped under the STAR bonds financing act if the governing body of the county or**  
70 **the school district levying taxes on such property determines by resolution adopted within**  
71 **thirty days following the conclusion of the hearing for the establishment of the STAR bond**  
72 **project district that the proposed STAR bond project district will have an adverse effect**  
73 **on such county or school district. The governing body of the county or the school district**  
74 **shall deliver a copy of such resolution to the city or county. The city or county shall within**  
75 **thirty days of receipt of such resolution pass an ordinance or resolution dissolving the**  
76 **STAR bond project district. The provisions of this subdivision shall not apply if the STAR**  
77 **bond project plan provides that ad valorem property tax revenues of the county or the**  
78 **school district levying taxes on such property will not be adversely impacted.**

79           **(6) No STAR bond project shall include a project for a gambling casino.**

80           **3. (1) One or more projects may be undertaken by a city or county within an**  
81 **established STAR bond project district. Any city or county proposing to undertake a**  
82 **STAR bond project shall prepare a STAR bond project plan in consultation with the**  
83 **planning commission of the city and in consultation with the planning commission of the**  
84 **county, if any, if such project is located wholly outside the boundaries of the city. Any such**  
85 **project plan may be implemented in separate development stages.**

86           **(2) Any city or county proposing to undertake a STAR bond project within a STAR**  
87 **bond project district shall prepare a feasibility study. The feasibility study shall contain**  
88 **the following, but the failure to include all information required in this subdivision shall**  
89 **not affect the validity of bonds issued under the STAR bonds financing act:**

90           **(a) Whether a STAR bond project's revenue and tax increment revenue and other**  
91 **available revenues under the STAR bonds financing act are expected to exceed or be**  
92 **sufficient to pay for the project costs;**

93           **(b) The effect, if any, a STAR bond project will have on any outstanding special**  
94 **obligation bonds payable from the revenues described in the STAR bonds financing act;**

95           **(c) A statement of how the jobs and taxes obtained from the STAR bond project**  
96 **will contribute significantly to the economic development of the state and region;**

97           **(d) Visitation expectations;**

98           **(e) The unique quality of the project;**

99           **(f) An economic impact study;**

100           **(g) A market study;**

- 101           (h) A market impact study;
- 102           (i) Integration and collaboration with other resources or businesses;
- 103           (j) The quality of service and experience provided, as measured against national
- 104 consumer standards for the specific target market;
- 105           (k) Project accountability, measured according to best industry practices;
- 106           (l) The expected return on state and local investment that the project is anticipated
- 107 to produce;
- 108           (m) A statement concerning whether a portion of the local sales and use taxes are
- 109 pledged to other uses and are unavailable as revenue for the STAR bond project. If a
- 110 portion of local sales and use taxes is so committed, the applicant shall describe the
- 111 percentage of city and county sales and use taxes collected that are so committed and the
- 112 date or dates on which the city and county sales and use taxes pledged to other uses can be
- 113 pledged for repayment of bonds;
- 114           (n) An anticipated principal and interest payment schedule on the bond issue.
- 115           (3) If the city or county determines the project is feasible, the project plan shall
- 116 include:
- 117           (a) A summary of the feasibility study;
- 118           (b) A reference to the district plan that identifies the project area that is set forth
- 119 in the project plan that is being considered;
- 120           (c) A description and map of the project area to be redeveloped;
- 121           (d) The relocation assistance plan as described in section 67.2073;
- 122           (e) A detailed description of the buildings and facilities proposed to be constructed
- 123 or improved in such area;
- 124           (f) Any other information the governing body of the city or county deems necessary
- 125 to advise the public of the intent of the project plan.
- 126           (4) A copy of the STAR bond project plan prepared by a city shall be delivered to
- 127 the governing body of the county and of any school district levying taxes on property
- 128 within the STAR bond project area. A copy of the STAR bond project plan prepared by
- 129 a county shall be delivered to any school district levying taxes on property within the
- 130 STAR bond project area.
- 131           (5) Upon a finding by the planning commission that the STAR bond project plan
- 132 is consistent with the intent of the comprehensive plan for the development of the city, and
- 133 a finding by the planning commission of the county, if any, with respect to a STAR bond
- 134 project located wholly outside the boundaries of the city, that the STAR bond project plan
- 135 is consistent with the intent of the comprehensive plan for the development of the county,

the governing body of the city or county shall adopt a resolution stating that the city or county is considering the adoption of the STAR bond project plan. Such resolution shall:

(a) Give notice that a public hearing will be held to consider the adoption of the STAR bond project plan and fix the date, hour, and place of such public hearing;

(b) Describe the boundaries of the STAR bond project district within which the STAR bond project will be located and the date of establishment of such district;

(c) Describe the boundaries of the area proposed to be included within the STAR bond project area;

(d) State that the STAR bond project plan, including a summary of the feasibility study, market study, relocation assistance plan, financial guarantees of the prospective developer, and a description and map of the area to be redeveloped or developed are available for inspection during regular office hours in the office of the city clerk or county clerk, respectively.

(6) (a) The date fixed for the public hearing to consider the adoption of the STAR bond project plan shall be not less than thirty nor more than seventy days following the date of the adoption of the resolution fixing the date of the hearing.

(b) A copy of the city or county resolution providing for the public hearing shall be sent by the city by certified mail, return receipt requested, to the governing body of the county and by the city or county to any school district levying taxes on property within the proposed STAR bond project area. Copies also shall be sent by certified mail, return receipt requested, to each owner and occupant of land within the proposed STAR bond project area not more than ten days following the date of the adoption of the resolution. The resolution shall be published once in a newspaper within such city or county not less than one week nor more than two weeks preceding the date fixed for the public hearing. A sketch clearly delineating the area in sufficient detail to advise the reader of the particular land proposed to be included within the STAR bond project area shall be published with the resolution.

(c) At the public hearing, a representative of the city or county shall present the city's or county's proposed STAR bond project plan. Following the presentation of the STAR bond project area, all interested persons shall be given an opportunity to be heard. The governing body may recess such hearing for good cause shown to a time and date certain, which shall be fixed in the presence of persons in attendance at the hearing.

(7) The public hearing records and feasibility study shall be a public record as defined in chapter 610.

170           (8) Upon conclusion of the public hearing, the governing body may adopt the STAR  
171 bond project plan by ordinance or resolution passed upon a two-thirds vote of the  
172 members.

173           (9) After the adoption by the city or county governing body of a STAR bond project  
174 plan, the clerk of the city or county shall transmit a copy of the description of the land  
175 within the STAR bond project district, a copy of the ordinance or resolution adopting the  
176 plan and a map or plat indicating the boundaries of the district to the clerk, assessor, and  
177 treasurer of the county in which the district is located, and to the governing bodies of the  
178 county and school district that levy taxes upon any property in the district. Such  
179 documents shall be transmitted following the adoption or modification of the plan or a  
180 revision of the plan on or before January first of the year in which the increment is first  
181 allocated to the taxing subdivision.

182           (10) If the STAR bond project plan is approved, the feasibility study shall be  
183 supplemented to include a copy of the minutes of the governing body meetings of any city  
184 or county whose bonding authority will be used in the STAR bond project, evidencing that  
185 a STAR bond project plan has been created, discussed, and adopted by the city or county  
186 in a regularly scheduled open public meeting.

187           (11) Any substantial changes to the STAR bond project plan as adopted shall be  
188 subject to a public hearing following publication of notice thereof at least twice in a  
189 newspaper located within such city or county.

190           (12) Any STAR bond project shall be completed within twenty years from the date  
191 of the approval of the STAR bond project plan. The maximum maturity on bonds issued  
192 to finance projects under the STAR bonds financing act shall not exceed twenty years.

193           (13) Residents of this state shall be given priority consideration for employment in  
194 construction projects located in a STAR bond project area.

195           (14) Any developer of a STAR bond project shall commence work on the project  
196 within two years from the date of adoption of the STAR bond project plan. If the  
197 developer fails to commence work on the STAR bond project within the two-year period,  
198 funding for such project shall cease and the developer of such project or complex shall  
199 have one year to appeal to the director for reapproval of such project and the funding for  
200 it. If the project is reapproved, the two-year period for commencement shall apply.

201           4. (1) The director shall review the STAR bond project plan, feasibility study, and  
202 market study, along with other supporting documentation, and determine whether to  
203 approve a request and, if approved, issue an approval letter for a STAR bond project  
204 based upon the requirements within the STAR bonds financing act and rules and  
205 regulations developed by the director.

(2) A special obligation bond issue shall bear interest at a reasonable rate as of the time of sale of the bonds, taking into account such factors as current market conditions, the nature and degree of risk associated with repayment of the bonds, and other relevant factors.

5. (1) Any city or county that has received approval for a STAR bond project may request STAR bond issuance authority to issue additional STAR bonds in an amount in excess of the amount previously approved by the director. Any city or county requesting such additional STAR bond issuance authority shall make application for approval to the director. Such application shall include all information required to be submitted to the director for initial approval of a STAR bond project.

(2) The director shall review all of the information submitted by the city or county in the request for additional STAR bond issuance authority and determine whether to approve a request and, if approved, issue an approval letter for additional STAR bond issuance authority based upon the requirements within this act, and rules and regulations developed by the director.

(3) The director may approve such additional STAR bond issuance authority in an amount not to exceed fifty percent of the total costs of the addition or expansion to the STAR bond project for which the additional STAR bond issuance authority is sought, including all project costs and any other costs related to the project addition or expansion. The proceeds of such additional STAR bond financing shall only be used to pay for incurred project costs of such addition or expansion.

67.2072. 1. (1) Any city or county shall have the power to issue special obligation bonds in one or more series to finance the undertaking of any STAR bond project in accordance with the STAR bonds financing act. Such special obligation bonds shall be made payable, both as to principal and interest:

(a) From revenues of the city or county derived from or held in connection with the undertaking and carrying out of any STAR bond project or projects under the STAR bonds financing act, including historic theater sales tax increments;

(b) From any private sources, contributions, or other financial assistance from the state or federal government;

(c) From a pledge of one hundred percent of the tax increment revenue received by the city from any local sales and use taxes, including the city's share of any county sales tax, that are collected from taxpayers doing business within that portion of the city's STAR bond project district occupied by a STAR bond project, except for amounts committed to other uses by election of voters or pledged to bond repayment before the approval of the STAR bond project;

16           (d) At the option of the county in a city STAR bond project district, from a pledge  
17 of all of the tax increment revenues received by the county from any local sales and use  
18 taxes that are collected from taxpayers doing business within that portion of the city's  
19 STAR bond project district, except for amounts committed to other uses by election of  
20 voters or pledged to bond repayment before the approval of a STAR bond project;

21           (e) In a county STAR bond project district, from a pledge of one hundred percent  
22 of the tax increment revenue received by the county from any county sales and use tax, but  
23 excluding any portions of such taxes that are allocated to the cities in such county under  
24 state law, that are collected from taxpayers doing business within that portion of the  
25 county's STAR bond project district occupied by a STAR bond project;

26           (f) From a pledge of all of the tax increment revenue received from any state sales  
27 taxes that are collected from taxpayers doing business within that portion of the city's or  
28 county's STAR bond project district occupied by a STAR bond project;

29           (g) At the option of the city or county and with approval of the director, from all  
30 or a portion of the transient guest tax of such city or county;

31           (h) At the option of the city or county and with approval of the director:

32           a. From a pledge of all or a portion of increased revenue received by the city or  
33 county from franchise fees collected from utilities and other businesses using public  
34 right-of-way within the STAR bond project district; or

35           b. From a pledge of all or a portion of the revenue received by a city or county from  
36 local sales taxes or local transient guest and local use taxes; or

37           (i) By any combination of these methods.

38           (2) The city or county may pledge such revenue to the repayment of such special  
39 obligation bonds before, simultaneously with, or subsequent to the issuance of such special  
40 obligation bonds.

41           (3) Bonds issued under subdivision (1) of this subsection shall not be general  
42 obligations of the city or the county, nor in any event shall they give rise to a charge against  
43 the city's or county's general credit or taxing powers, or be payable out of any funds or  
44 properties other than any of those set forth in subdivision (1) of this subsection, and such  
45 bonds shall so state on their face. Bonds issued under the provisions of subdivision (1) of  
46 this subsection shall be special obligations of the city or county and are declared to be  
47 negotiable instruments. Such bonds shall be executed by the mayor and clerk of the city  
48 or the presiding commissioner and the county clerk and sealed with the corporate seal of  
49 the city or county. All details pertaining to the issuance of such special obligation bonds  
50 and terms and conditions thereof shall be determined by ordinance of the city or by  
51 resolution of the county. All special obligation bonds issued under the STAR bonds

52 financing act and all income or interest therefrom shall be exempt from all state taxes.  
53 Such special obligation bonds shall not be required to contain any recital that when such  
54 bonds have been duly registered, such registration shall import absolute verity and shall  
55 be conclusive in favor of all persons purchasing such bonds, or that all proceedings and  
56 conditions precedent have been had and performed to authorize the issuance of such bonds  
57 and that such bonds shall be negotiable, but such bonds shall contain the following recitals:

58 (a) The authority under which such special obligation bonds are issued;

59 (b) Such bonds are in conformity with the provisions, restrictions, and limitations  
60 thereof; and

61 (c) That such special obligation bonds and the interest thereon are to be paid from  
62 the money and revenue received as provided in subdivision (1) of this subsection.

63 (4) Any city or county issuing special obligation bonds under the STAR bonds  
64 financing act may refund all or part of such issue as provided in state law.

65 2. For each project financed with special obligation bonds payable from the  
66 revenues described in subdivision (1) of subsection 1 of this section, the city or county shall  
67 prepare and submit to the director by October first of each year a report describing the  
68 status of any projects within such STAR bond project area, any expenditures of the  
69 proceeds of special obligation bonds that have occurred since the last annual report, and  
70 any expenditures of the proceeds of such bonds expected to occur in the future, including  
71 the amount of sales tax revenue, how such revenue has been spent, the projected amount  
72 of such revenue, and the anticipated use of such revenue. The department of economic  
73 development shall compile this information and submit a report annually to the governor  
74 and the legislature by February first of each year.

75 3. A city or county may use the proceeds of special obligation bonds or any  
76 uncommitted funds derived from sources set forth in this section to pay the bond project  
77 to implement the STAR bond project plan.

67.2073. 1. In the event that the city or county shall default in the payment of any  
2 STAR bonds payable from revenues described in subdivision (1) of subsection 1 of section  
3 67.2072, no public funds shall be used to pay the holders thereof except as otherwise  
4 specifically authorized in the STAR bonds financing act.

5 2. (1) Any addition of area to the STAR bond project district, or any substantial  
6 change to the STAR bond project district plan, shall be subject to the same procedure for  
7 public notice and hearing as is required for the establishment of the STAR bond project  
8 district.

9 (2) A city or county may remove real property from a STAR bond project district  
10 by an ordinance or resolution of the governing body respectively.



11           (3) A city or county may divide the real property in a STAR bond project district,  
12 including real property in different project areas within a STAR bond project district, into  
13 separate STAR bond project districts. Any division of real property within a STAR bond  
14 project district into more than one STAR bond project district shall be subject to the same  
15 procedure of public notice and hearing as is required for the establishment of the STAR  
16 bond project district.

17           (4) If a city or county has undertaken a STAR bond project within a STAR bond  
18 project district, and either the city or county wishes to subsequently remove more than a  
19 de minimus amount of real property from the STAR bond project district, or the city or  
20 county wishes to subsequently divide the real property in the STAR bond project district  
21 into more than one STAR bond project district, then before any such removal or division  
22 the city or county shall provide a feasibility study that shows that the tax revenue from the  
23 resulting STAR bond project district within which the STAR bond project is located is  
24 expected to be sufficient to pay the project costs.

25           (5) Removal of real property from one STAR bond project district and addition of  
26 all or a portion of that real property to another STAR bond project district may be  
27 accomplished by the adoption of an ordinance or resolution, and in such event the  
28 determination of the existence or nonexistence of an adverse effect on the county or school  
29 district under subsection 2 of section 67.2071 shall apply to both such removal and such  
30 addition of real property to a STAR bond project district.

31           3. (1) Any city or county that has adopted a STAR bond project plan may purchase  
32 or otherwise acquire real property in connection with such project plan. Upon a two-  
33 thirds vote of the members of the governing body thereof, a city or county may acquire by  
34 condemnation any interest in real property, including a fee simple title thereto, that it  
35 deems necessary for or in connection with any project plan of an area located within the  
36 project district; however, eminent domain shall be used only as provided in state law. Any  
37 such city or county may exercise the power of eminent domain in the manner provided in  
38 state law. In addition to any compensation or damages allowed under provisions  
39 governing eminent domain, such city or county shall also provide for the payment of  
40 relocation assistance as provided in subsection 4 of this section.

41           (2) Any real property acquired by a city or county under the provisions of state law  
42 governing eminent domain may be sold, transferred, or leased to a developer, in  
43 accordance with the STAR bond project plan and under such other conditions as may be  
44 agreed upon. Any real property acquired under this section that is sold, transferred, or  
45 leased to a project developer for a specific project shall be sold, transferred, or leased to  
46 such developer on the condition that such property shall be used only for that specific

47 approved project. If the developer does not utilize the entire tract of the real property  
48 acquired under this section that is sold, transferred, or leased in accordance with the STAR  
49 bond project plan, that portion of property not used shall not be sold, transferred, or  
50 leased by the developer to another developer party, but shall be deeded back to the city or  
51 county. If the developer paid the city or county for the land, a percentage of the original  
52 purchase price paid to the city or county that represents the percentage of the entire tract  
53 being deeded back to the city or county shall be reimbursed to the developer upon the  
54 deeding of the property back to the city or county.

55 (3) Any transfer by the project developer of real property acquired under this  
56 section shall be valid only if approved by a two-thirds majority vote of the members of the  
57 governing body of the city or county.

58 4. Before any STAR bond project shall be initiated, a relocation assistance plan  
59 shall be approved by the governing body of the city or county proposing to undertake the  
60 project. Such relocation assistance plan shall:

61 (1) Provide for relocation payments to be made to persons, families, and businesses  
62 who move from real property located in the STAR bond project district, or who move  
63 personal property from real property located in the STAR bond project district as a result  
64 of the acquisition of the real property by the city or county in carrying out the provisions  
65 of the STAR bonds financing act. With respect to any STAR bond project, such payments  
66 shall not be less than five hundred dollars;

67 (2) Provide that no persons or families residing in the STAR bond project district  
68 shall be displaced unless and until there is a suitable housing unit available and ready for  
69 occupancy by such displaced person or family at rents within the person's or family's  
70 ability to pay. Such housing units shall be suitable to the needs of such displaced persons  
71 or families and must be a decent, safe, sanitary, and otherwise standard dwelling; and

72 (3) Provide for the payment of any damages sustained by a seller, as defined in  
73 section 144.010, by reason of the liquidation of inventories necessitated by relocation from  
74 the STAR bond project district.

75 5. (1) Notwithstanding any other provision of law to the contrary, copies of all  
76 sales, use, and transient guest tax returns of sellers, as defined in section 144.010, filed with  
77 the director in connection with a STAR bond project area or STAR bond project, for  
78 which sales, use, and transient guest tax revenues are pledged or otherwise intended to be  
79 used in whole or in part for the payment of bonds issued to finance project costs in such  
80 STAR bond project area, shall be provided by the director to the bond trustee, escrow  
81 agent, or paying agent for such bonds upon the written request of the city or county within  
82 fifteen days of receipt by the director. The bond trustee, escrow agent, or paying agent

83 shall keep such sales, use, and transient guest tax returns of sellers and the information  
84 contained therein confidential, but may use such information for purposes of allocating  
85 and depositing such sales, use, and transient guest tax revenues in connection with the  
86 bonds used to finance project costs in such STAR bond project area. Except as otherwise  
87 provided herein, the sales, use, and transient guest tax returns received by the bond  
88 trustee, escrow agent, or paying agent shall be subject to the confidentiality provisions in  
89 chapter 32.

90 (2) The director shall determine when the amount of sales tax and other revenues  
91 that have been collected and distributed to the bond debt service or reserve fund is  
92 sufficient to satisfy all principal and interest costs to the maturity date or dates of any  
93 special obligation bonds issued by a city or county to finance a STAR bond project.  
94 Thereafter, all sales tax and other revenues shall be collected and distributed in accordance  
95 with applicable law.

96 6. For projects involving the use of financing under paragraph (e) of subdivision  
97 (1) of subsection 1 of section 67.2072, the director shall set a limit on the total amount of  
98 such special obligation bonds that may be issued for a STAR bond project. An issue of  
99 special obligation bonds shall bear interest at a reasonable rate as of the time of sale of the  
100 bonds, taking into account such factors as current market conditions, the nature and  
101 degree of risk associated with repayment of the bonds, and other relevant factors.

102 7. (1) STAR bond projects using state sales tax financing under section 67.2072  
103 shall be audited by an independent certified public accountant annually at the expense of  
104 the city or county. The audit report shall supplement the required annual report required.

105 (2) Such audits shall determine whether bond financing obtained under section  
106 67.2072 is being used only for authorized purposes. Audit results shall be reported to the  
107 governor, the director of the department of economic development, the senate committee  
108 on commerce, consumer protection, energy and the environment, the house committee on  
109 economic development, and any successor committees thereto, and the director, during the  
110 legislative session immediately following the audit.

111 (3) If audit findings indicate that bond funds have been used for unauthorized or  
112 ineligible purposes, the city or county shall repay to the bond fund all such unauthorized  
113 or ineligible expenditures. Such city or county shall enter into a repayment agreement with  
114 the director specifying the terms of such repayment obligation.

115 8. The STAR bonds financing act shall expire on June 30, 2018.

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